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POLICY

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Date: 12/3/2010

GAIN Report Number: MX0089

Mexico

Post: Mexico

December Grain and Feed Update

Report Categories:

Grain and Feed

FAIRS Subject Report

Pest/Disease Occurrences

Trade Policy Incident Report

Sanitary/Phytosanitary/Food Safety

Policy and Program Announcements

Global Warming

Agriculture in the Economy

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Report Highlights:

Corn imports for marketing year 2010/11 are expected be lower than previously forecast, at 7.9 million metric tons (MMT), due to lower consumption linked to slower economic recovery. The MY 2009/10 corn production estimate has been revised downward 4.34 percent based on information released by Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries, and Foodstuffs (SAGARPA). Reflecting final official data, the import estimate for MY 2008/09 and MY 2009/10 was revised downward to 7.7 million metric tons (MMT) and 8.1 MMT, respectively. Total sorghum production and harvested area estimates for MY 2009/10 have been revised upward and downward,

respectively. The sorghum import estimate for MY 2009/10 was adjusted downward due to higher total domestic production. The feed consumption estimate for MY 2009/10 has been revised upward reflecting recent data from Mexico's feed millers association and SAGARPA. There are no changes to rice production, supply, and demand, however, Mexico's requirements mandating U.S. rice be treated with methyl bromide could be eased as initial indications suggest that false smut exists in Mexico. As such, an amendment to NOM-013-FITO-1995 is in Mexico's regulatory clearance process.

General Information:

Production:

CORN

Corn production and harvested area figures for MY 2010/11 remain unchanged. FAS/Mexico revised its MY 2009/10 corn production estimate downward 926,000 MT from official USDA estimates based on preliminary final official figures issued by SAGARPA. As reported previously, corn output for the 2009 spring/summer harvest was reduced sharply due to drought (please see GAIN reports MX9082, MX9096, MX0017, and MX0032). Official data indicates that 1.497 million hectares of planted area out of a total of 6.616 million hectares were damaged by drought in the 2009 spring/summer crop cycle, compared to only 558,228 hectares reportedly damaged during the 2008 spring/summer crop cycle. The main states adversely affected in the 2009 spring/summer crop cycle include Puebla, San Luis Potosi, Zacatecas, Guanajuato, and some areas of Jalisco and Michoacán. Similarly, the harvested area estimate for MY 2009/10 has been adjusted upward based on SAGARPA's final data.

SORGHUM

The production estimate for MY 2010/11 remains unchanged. Total sorghum production volume and harvested area estimates for MY 2009/10 have been revised upward and downward, respectively. These statistics include the preliminary final results for the 2009/10 fall/winter crop cycle. Total production for this cycle reached approximately 2.9 MMT based on SAGARPA data, which represents approximately 46 percent of total sorghum production for MY2009/10.

Consumption:

CORN

Post estimates total domestic corn consumption at 31.1 MMT for MY 2010/11 and 30.0 MMT for MY 2009/10 due to decreased feed use. Private and government sources expect bearish demand for feed consumption due to the weakening demand for poultry, pork, and beef in Mexico (because of reduced consumer purchasing power). At the same time, the main animal feed producer associations indicate that the uncertain economic performance and the volatility of international corn prices are factors that are influencing adversely the corn feed consumption expectations. Regarding FSI corn consumption for MY 2010/11 has been revised upward to reflect population growth.

SORGHUM

FAS/Mexico is making no changes to the MY 2010/11 sorghum consumption forecast of 9.5 MMT.

The feed consumption estimate for MY 2009/10 has been revised upward reflecting recent data from the feed millers association and SAGARPA.

Trade:

CORN

The corn import forecast for MY 2010/11 was lowered to 7.9 MMT. This outlook is based on expectations of slower economic growth that has decreased domestic consumption (see Corn Consumption Section). MY 2008/09 and MY 2009/10 import estimates were revised downward

to 7.679 MMT and 8.108 MMT, respectively, reflecting final official data from SAGARPA. Export estimates for MY 2009/10 have been revised upward to 632,000 MT based on final official SAGARPA data. According to trade sources, Mexico exported white corn to Venezuela and Colombia because of the 2009/10 fall/winter production cycle surplus in Sinaloa. Trade sources stated that these countries often acquired their white corn requirements from the United States, but turned to Mexico based on the price and quality of the crop. The export forecast for MY 2010/11 has been revised downward to 150,000 MT based on information from trade sources. Likewise, the MY 2008/09 import and export estimates have been adjusted to 7.679 MMT and 153,000 MT, respectively, based on final official trade data from SAGARPA.

SORGHUM

Import estimates for MY 2010/11 have been lowered based on information from private and government sources. Sources expect bearish demand for feed due to the volatility of international grain prices and the uncertainty of surrounding Mexico's and global economic performance, which could affect adversely the livestock sector. The import estimate for MY 2009/10 was adjusted downward due to increased domestic production. The import figure for MY 2008/09 was revised slightly upward based on final official data from the Secretariat of Economy (SE).

Stocks:

CORN

The MY 2010/11 and MY 2009/10 corn stock estimates have been decreased as a result of lower import volumes. The MY 2008/09 stock estimate has been decreased to reflect recent information.

SORGHUM

MY 2010/11 sorghum ending stock estimates have been revised downward to 467,000 MT due to reduced imports. MY 2010/09 stock estimates have been increased as a result of increased domestic production. Finally, the MY 2008/09 stock estimate has been increased slightly to reflect greater import volumes.

Policy:

RICE

According to official sources, the Mexican Plant Health Agency (SENSASICA) will soon publish an amendment to the Mexican Official Standard establishing foreign quarantine requirements designed to prevent the introduction of rice pests and diseases (NOM-013-FITO-1995). Basically, this amendment would state that *Tilletia barclayana* (false smut) exists in Mexico and, consequently, would allow the elimination of the requirement that U.S. rice exports to Mexico be treated with methyl bromide (please see GAIN reports MX9003 and MX9007).

On November 29, 2010, COFEMER issued a favorable opinion that allows SENASICA to publish the amendment to NOM-013 in Mexico's Federal Register (*Diario Oficial*). It is unclear, however, when SENASICA will publish the amendment. Before the amendment to NOM-013-FITO-1995 is finalized and published, it must be cleared through and approved by the Federal Regulatory Improvement Commission (COFEMER). (This Commission is a technical and administrative autonomous commission charged with ensuring transparency in the drafting of federal regulations and for promoting the development of cost-effective regulations).

Production, Supply and Demand Data Statistics :

PS&D CORN

Corn Mexico	2008			2009			2010		
(1000 HAS)	2008/2009			2009/2010			2010/2011		
(1000 MT)	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
(MT/HA)	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	7,318	7,318	7,318	6,230	6,245	6,280	7,200	7,200	7,200
Beginning Stocks	4,131	4,131	4,131	3,559	3,483	3,483	1,809	1,783	1,333
Production	24,226	24,226	24,226	21,300	20,350	20,374	24,500	24,500	24,500
MY Imports	7,764	7,679	7,679	8,400	8,000	8,108	9,100	8,800	7,900
TY Imports	7,764	7,679	7,679	8,400	8,000	8,108	9,100	8,800	7,900
TY Imp. from U.S.	77,721	7,679	7,679	0	8,000	8,108	0	8,800	7,900
Total Supply	36,121	36,036	36,036	33,259	31,833	31,965	35,409	35,083	33,733
MY Exports	162	153	153	450	50	632	350	50	150
TY Exports	162	153	153	450	50	632	350	50	150
Feed and Residual	16,400	16,400	16,400	15,000	14,000	14,000	15,900	15,600	15,000
FSI Consumption	16,000	16,000	16,000	16,000	16,000	16,000	16,200	16,300	16,100
Total Consumption	32,400	32,400	32,400	31,000	30,000	30,000	32,100	31,900	31,100
Ending Stocks	3,559	3,483	3,483	1,809	1,783	1,333	2,959	3,133	2,483
Total Distribution	36,121	36,036	36,036	33,259	31,833	31,965	35,409	35,083	33,733
Yield	3.	3.	3.3105	3.	3.	3.2443	3.	3.	3.4028

PS&D SORGHUM

Sorghum Mexico	2008			2009			2010		
(1000 HAS)	2008/2009			2009/2010			2010/2011		
(1000 MT)	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
(MT/HA)	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	1,890	1,890	1,890	1,635	1,612	1,616	1,850	1,850	1,850
Beginning Stocks	373	373	373	1,336	1,366	1,366	286	416	367
Production	7,067	7,067	7,067	5,850	6,250	6,250	7,100	7,100	7,100
MY Imports	2,496	2,526	2,526	2,600	2,500	2,451	2,700	2,700	2,600
TY Imports	2,496	2,526	2,526	2,600	2,500	2,451	2,700	2,700	2,600
TY Imp. from U.S.	2,484	2,526	2,526	0	2,500	2,451	0	2,700	2,600
Total Supply	9,936	9,966	9,966	9,786	10,116	10,067	10,086	10,216	10,067

MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed and Residual	8,500	8,500	8,500	9,400	9,600	9,600	9,500	9,700	9,500
FSI Consumption	100	100	100	100	100	100	100	100	100
Total Consumption	8,600	8,600	8,600	9,500	9,700	9,700	9,600	9,800	9,600
Ending Stocks	1,336	1,366	1,366	286	416	367	486	416	467
Total Distribution	9,936	9,966	9,966	9,786	10,116	10,067	10,086	10,216	10,067
Yield	4.	4.	3.7392	4.	4.	3.8676	4.	4.	3.8378

Author Defined:

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work

<http://www.youtube.com/user/ATOMexicoCity>

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX0078	Grain and Feed Update	10/26/10
MX0070	October Grain and Feed Update	10/05/10
MX0060	September Grain and Feed Update	09/03/10
MX0047	July Grain and Feed Update	07/23/10
MX0032	May Grain and Feed Update	05/06/10

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx. These web sites are mentioned for the readers' convenience but USDA does not in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.